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UNCLAS SECTION 01 OF 02 STATE 048073

SENSITIVE, SIPDIS

C O R R E C T E D C O P Y (ADDED CAPTION)

FOR ECON, DHS

E.O. 12958: N/A

TAGS: [EWWT](#) [KHLS](#) [ETRD](#) [ETTC](#) [PARM](#) [PREL](#) [PTER](#) [HK](#)

SUBJECT: RESPONSE RE: SECURE FREIGHT INITIATIVE IN HONG KONG

REF: A) HK 733 B) STATE 28824 C) HK 333

STATE 00048073 001.2 OF 002

1.(U) This cable is Sensitive But Unclassified. For action requested see paragraph 4.

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SUMMARY  
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12. (SBU) In response to reftel, which outlines options going forward with the Secure Freight Initiative (SFI) pilot program in Hong Kong, U.S. Customs and Border Protection (CBP) carefully reviewed both options proposed by the Government of Hong Kong. CBP does not support either of the two options: CBP does not favor continuing operations under a "pilot"-type agreement nor support shutting down the scanning systems during the Government of Hong Kong's internal deliberation. Since these two stipulations could not be overcome, CBP and HK Trade and Industry executive management jointly agreed to cease maritime container scanning operations at Modern Terminals. CBP will work towards removing the scanning equipment to another foreign port location, thus concluding a successful 18-month SFI project between the U.S. Government (USG), the Hong Kong Government (HKG), and Hong Kong's private sector. END SUMMARY

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BACKGROUND  
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13. (SBU) Following discussions on April 21st between the Hong Kong Government (HKG) and U.S. Customs and Border Protection (CBP), and a follow-up discussion between CBP and Trade and Industry Department executive management on April 30th, both parties jointly agreed to cease maritime container scanning at the conclusion of the pilot period, which ended as scheduled on April 30, 2009. While the Hong Kong Government had initially requested to "stand down" operations while they consulted with members of the trade on a possible extension of the pilot, both parties ultimately determined that the full value of the one-lane pilot had been realized and that there is no further purpose served by continuing operations. As a result, CBP has begun making the necessary arrangements to decommission the equipment and plan for redeployment to a different location that will allow an examination of other risk factors.

14. (SBU) Action Request: Post is requested to provide the information in paragraph 5 to the HKG and Modern Terminals, Ltd., SFI pilot operator, as a non-paper. End Action Request.

15. (SBU)

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NON-PAPER ON SECURE FREIGHT INITIATIVE  
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FUTURE OF SFI IN GENERAL

The United States Government (USG) supports the general goal of expanding scanning abroad and has learned some significant lessons from current operations in Hong Kong and other locations. As expected, these Secure Freight Initiative (SFI) pilots have presented numerous challenges (financial, logistical, diplomatic, and technical) that the USG is working to address. USG is finalizing an expansion plan for future SFI deployments with the goal of maximizing security benefits while minimizing disruptions to foreign port operations and the global supply chain. USG is committed to working closely with the trade community, industry, and foreign partners once the details of this strategy have been finalized.

SFI AT MODERN TERMINALS, LTD. IN HONG KONG

Following discussions between HKG-USG on April 21st and April 30th, CBP carefully considered the two options proposed by the Hong Kong Government. CBP does not favor continuing operations under a "pilot"-type agreement nor support shutting down the scanning systems during the Government of Hong Kong's internal deliberation. Since these two stipulations could not be overcome, CBP and HK Trade and

STATE 00048073 002.2 OF 002

Industry executive management jointly agreed to cease scanning operations at Modern Terminals as of April 30th. CBP will work towards removing the scanning equipment to another foreign port location, thus concluding a successful 18-month SFI project between the U.S. Government (USG), the Hong Kong Government (HKG), and Hong Kong's private sector.

April 30, 2009 marked the end of a cooperative agreement between the HKG and CBP to conduct a pilot study to scan maritime containers under the Secure Freight Initiative utilizing large-scale radiation detection and imaging systems. This study provided valuable operational lessons on the technical, logistical and diplomatic challenges with scanning maritime containers in a high-volume port such as Hong Kong. As a result, CBP has begun making the necessary arrangements to decommission the equipment and plan for redeployment to a different location that will allow an examination of other risk factors.

CBP greatly appreciates the cooperation and partnership of the Hong Kong Government, in particular the Hong Kong Customs and Excise and the Trade and Industry Department, in piloting scanning operations under SFI at Modern Terminals, Ltd. (MTL). Through this partnership, CBP has learned about the potential impact of a 100 percent scanning approach on the trade community and its security value. CBP and the HKG have agreed to continue to work together under the Container Security Initiative and explore alternative approaches toward enhancing container and trade security through risk management and total supply chain security. CBP looks forward to an exchange of ideas with the Hong Kong trade community regarding maritime container scanning and any other potential valuable lessons learned during the pilot scanning operations in Hong Kong. CBP will continue to build on its excellent relationship with the HKG to enhance and develop future security programs in supply chain security.

Given this decision, we would like to coordinate with your government to determine whether or not an announcement on the successful conclusion of the SFI pilot is necessary and if so, what the text of that announcement would say.

End Non-Paper

16. (U) Post's facilitation of this issue has been greatly appreciated.  
CLINTON